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TOURISM INDUSTRIES IN BERKSHIRE COUNTY MASSACUSETTS 1979

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Job Market Research Service ● Massachusetts Division of Employment Security

TOURISM INDUSTRIES IN BERKSHIRE COUNTY, MASSACHUSETTS, 1979

AN ECONOMY IN CHANGE

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I. Area Profile

Area Definition

Cities and Towns: Adams, Alford, Becket, Cheshire, Clarksburg, Dalton, Egremont, Florida, Great Barrington, Hancock, Hinsdale, Lanesborough, Lee, Lenox, Monterey, Mount Washington, New Ashford, New Marlboro, North Adams, Otis, Peru, Pittsfield, Richmond, Sandisfield, Savoy, Sheffield, Stockbridge, Tyringham, Washington, West Stockbridge, and Williamstown.

Labor Areas: Great Barrington and Pittsfield.

CETA Area: Berkshire County-Boundaries: The area is bounded by the State of Vermont on the north, the State of New York on the west, and the State of Connecticut on the south. On the East, it is bounded by the towns of Monroe, Rowe, Charlemont, Hawley, Plainfield, Cummington, Worthington, Middlefield, Chester, Blandford, and Tolland.

Other Geographical Features: The area's most prominent feature is the chain of mountains known as the Berkshires. Mount Greylock (elevation 3,491 feet), the highest mountain in the state, is located in the Taconic Range near Adams; the Hoosac Range is of lower altitude and located in the southern part of the area. The area also boasts a number of picturesque lakes and valleys and numerous mountain streams and rivers, the Housatonic being the largest.

Civilian Labor Force

1977 annual average was 81,000 (2.9 percent of the state total)

Ratio of Manufacturing to Non Farm Wage and Salary Employment

1977 annual average in manufacturing was 18,500 or 39.5 percent of all nonfarm wage and salary employment.

Unemployment Rate

1977 annual average was 8.2 percent compared with 8.1 percent for the state and 7.0 percent for the nation.

II. Industrial History

A twenty year analysis of the employment structure of the Berkshire County economy shows a dramatic shift away from a manufacturing dominated economy towards one with a greater reliance upon nonmanufacturing industries. Annual average nonagricultural employment figures in 1957 showed that out of 39,100 employed persons, 23,200 (59.3 percent) were in the manufacturing sector, while 15,900 (40.7 percent) were on payrolls associated with nonmanufacturing enterprises. Similar 1977 figures show complete reversal of the County's jobs mix; out of 47,000 nonagricultural jobs the total number of persons employed in the manufacturing sector had declined to 18,500 (39.5 percent).

The trend of declining manufacturing employment and corresponding upsurges in nonmanufacturing employment of the Berkshire economy is also mirrored in the directional changes in both the nation and state. During 1957, manufacturing employment in the United States averaged 32.5 percent; while in 1977, the share of manufacturing jobs declined to 23.9 percent. Comparable state figures showed an even wider gulf between the two components of nonagricultural employment. In 1977, manufacturing employment accounted for 618,300 jobs (31.5 percent) a sharp drop from the 698,100 (46.6 percent) employed in the manufacturing sector in 1957.

On a state level the decline of specific nondurable goods industries has been taking place for over three quarters of a century. The advent of steam-powered production equipment used in the cotton and wool textiles and apparel industries eliminated the need for confining production to cities which used unique canal systems for water power. In Massachusetts, cities that were adversely effected included Holyoke, Lowell, Lawrence, and Fall River. In the past twenty years, the decline of these industries was due to an industrial outmigration of jobs to the south where total wages make up a smaller proportional cost of production. The greatest loss of these labor intensive jobs was to foreign competition - where labor costs are drastically lower. Another mature industry which followed the demise of textiles was the leather and leather products industries; again due to foreign competition and also anti-trust action causing the closing of a number of factories. Shoes became cheaper to produce overseas and export back into this country to be sold by former manufacturers who now became wholesalers. The impact in terms of employment losses in the past twenty years in the leather, textiles, and apparel industries is staggering. In 1957 total employment in the effected industries was 182,100, while in 1977 employment had plummeted to 95,300 a loss of over 86,000 jobs.

The past twenty years has also seen dips in rubber industry employment due to foreign imports (most notably foreign autos); also Congressional reapportionment in 1970 reduced the political clout of the Northeast through redistricting thereby effectively cutting the value of defense contracts to the state.

Other general reasons for declining manufacturing employment included relocation of firms to other parts of the nation to accommodate manufacturers by being closer to consumer and industrial markets, following shifts in the population. Also many parts of the country afforded corporations lower taxes, reduced fuel expenses, and less stringent anti-pollution laws. In addition to these incentives Massachusetts being an old industrial state had a large number of functionally obsolete multi-story factories and increased land values and construction costs for newer production facilities made the managerial decision to move across state lines all the more appealing. In addition, some industries moved nearer their sources of raw materials. The problems that are endemic to both the state and local economies of Berkshire County are even more pronouncedin the northern Berkshires, which consists of the city of North Adams and the towns of Clarksburg, Florida, New Ashford, Adams, Savoy and Williamstown. Except for Route 202 (Mowhawk Trail) and Route 7, the northern Berkshires would be isolated from the state and the rest of the county. The Mohawk Trail links the northern Berkshires with the eastern half of the state and although the highway is well maintained its narrowness, steep grades and curves make it inordinately costly and slow to ship large amounts of raw materials or finished goods into or out of the area. Shipments of goods in a southerly direction must pass along Route 7,a single lane highway which passes through a number of municipalities including Pittsfield and Lenox.

The town of Adams was at one time the chief producer of cotton and to a lesser extent woolen textiles in the county. The importance of the textile industry in the northern Berkshires is measured by employment figures of 1957 when over 2,000 persons were employed in the textiles industry. The textile and apparel industries were also well represented in the remainder of the county. Over the past twenty years, numerous firms have locked their doors, among them Sawyer Woolen, Berkshire Coat, Elmvalve and Great Barrington Manufacturing. Neither was the county's economy insulated from the demise of the shoe industry resulting from the onslaught of foreign imports. The debilitating effects of the imports upon the area economy was again most apparent in northern Berkshire with the closing of the Wall Streeter Shoe Company. The North Adams firm which closed in 1974 had employed upwards of 400 persons.

Sprague Electric, the major manufacturer in northern Berkshires, has also undergone a massive shrinkage in the number of employees on its payroll. In 1970 the North Adams firm was involved in a drawn-out employee strike. Previous to the labor dispute, 4,000 persons were employed by the company. Following the eventual settlement, employment began declining and by 1977 employment was at one half the level it was in early 1970.

The electrical machinery industry, which plays the pivotal role in supporting the county's economic base has also been on the decline at General Electric in Pittsfield. Within General Electric (the largest employer in the county.) the large power transformer division (which makes up over 50 percent of the firm's employment) has been beset with a declining demand for its product.

Over the past 20 years employment at G.E. reached its peak in 1969 with 11,300 persons on the payroll of the firm. By the end of 1977 employment had slipped to 8,300. The depressed nature of the large power transformer market is rooted in reduced power usage by consumers which is reflected in reduced nationwide electrical usage growth rates. This recent pattern has caused skepticism among municipal utility officials, who, uncertain of future electrical demand, are presently unwilling to make large capital outlays for new power transformers. Employment losses could have been greater if not for G.E.'s proven ability to deliver transformers in considerably less time than their competitors. This faster delivery time has been instrumental in securing additional short-order business. Another factor contributing to minimizing the impact of workforce reductions has been the company's heavy reliance upon attrition rather than outright layoffs wherein those who retire or resign are not replaced. General Electric's ordnance operations have also accounted for a fraction of the recent reduction. The job losses were a direct result of completion of design work on fire control systems for the Trident Submarine. Most of those affected by the lay-offs were draftsmen. The Ordnance Division of G.E. is the recipient of substantial defense contracts; thus employment levels are a reflection of national defense policies.

III. Development of the Tourism Industry

The growth of the nonmanufacturing sector and specifically the tourism industry in central and southern Berkshires is rooted in the boundless natural beauty of the area and the variety of cultural events and sporting activities. Also growing national awareness of the value of physical fitness has led to a greater degree of participation in outdoor sporting activities. Following the senario of increased outdoor sporting activities, it is understandable that the Berkshires County would be the economic beneficiary of greater numbers of persons visiting the Berkshires. Changing national demographics has also aided the growth in tourism with an increased concentration of the population between the ages of 21-34, the prime age of skiing enthusists. Increased personal incomes and more leisure time brought about by a shorter work week and longer vacation periods have enhanced attracting persons to the Berkshires. Playing a larger role in developing tourism growth has been the construction of Interstate Route 91 (North-South) to facilitate a greater flow of traffic from northern New Jersey, New York, and Connecticut. Route 91 combined with the earlier opening of the Massachusetts Turnpike (east-west) has made travel to the southern and central Berkshires an easy three hour drive from the Metropolitan New York and Boston areas; thereby, untapping a potentially huge market to partake in events and activities that are indigenous to Berkshire County.

The tourism industry in Berkshire County is delineated by four distinct periods which more or less parallel the natural seasons of the northeastern region. The busiest season and most renowned attraction of the county is the 42 year old festival season which revolves around Tanglewood in Lenox.

The major draw, the music of the Boston Symphony Orchestra conducted by some of the best known conductors in the world, is traditionally held in July and August. On banner weekends it can draw upwards of 45,000 music lovers.

Other summer cultural events which bring the highest levels of artistic skill into the area include Jacob's Pillow Dance Festival in Becket, Berkshire Theater Festival, and the Williamstown Theater Festival.

The popularity of the summer season is evidenced by reservations of a year in advance at local hotels and guest houses. Due to limited overnight accommodations it is not unusual for persons to commute from hotels 50 miles away. Many hotels have resort complexes featuring swimming pools, tennis, and nearby golf.

Equally important to the area is the winter sport activities, the most important being alpine or downhill skiing. Showing surprising growth is nordic cross country skiing. The skiing season normally runs approximately 120 days beginning Thanksgiving week and if ideal weather conditions exist up until the end of March. Provided optimum conditions prevail, the counties nine alpine ski areas could attract on a combined day/evening basis over 20,000 skiers on a weekend or holiday.

The fall foliage season,which lasts about 3 weeks during September and October, benefits all of the county and most particularly the northern Berkshireswhich offer spectacular views on the Mohawk Trail. Although short-lived, the full spectacle creates a tremendous influx of visitors into the area, that would not exist if not for the awesome natural show.

The months of May and June draw visitors to the spring and early summer quiet and relaxed atmosphere of the area. It is usually this time of year that draws a limited number of persons for small conventions.

Regardless of the various reasons tourists visit Berkshire County, they buy goods and services within the local economy. Hotels, restaurants, retail shops, entertainment, sporting activities, service stations etc, are the beneficiary of the income through direct sales. Less apparent, but neverthless equally important, is the income generated by the chain of indirect sales of suppliers to the above-mentioned enterprises.

A portion of the income of each supplier goes to salaries and wages which provide employment for local residents. This multiplier affect of creating jobs occurs each time the money is turned over to suppliers of products or services.

Although the income producing value of the sum of the original purchases diminshes at each step due to federal, state and local taxes, it continues to support or create jobs until the money goes to a supplier located outside of Berkshire County. Since the tourism industry is labor intensive, a large share of the income received is redistributed as salaries and wages at each step causing the multiplier affect to take on greater significance. Also since a large number of Berkshire County businesses are locally owned, retained profits are funnelled into local banks which provide capital for reinvestment in new business venture, and expansion of established ones. Additional benefits from the tourism industry is the generation of tax receipts derived from tourism. These include state and federal income taxes resulting from taxation of employees associated with the tourism industry, and state sales taxes on receipts from services and goods subject to the tax such as meals, lodging, and gas. Also tourism can increase the value of both commercial and residential property there-by increasing their assessable value. Intangible assets associate with tourism industry to the county would include the opportunity to mingle with persons from outside the area. Also tourism can strengthen local community pride by knowing that the area in which an individual resides has attributes that are valued by many. Gaining the benefits of tourism invariably involves a trade-off which creates new problems, such as those that arise during weekends of the busiest months of July and August when the largest crowds converge on Lenox and contiguous cities and towns. These large crowds may tax certain segments of the municipalities infrastructure such as police protection, traffic control, water and sewer services and the general inconvenience associated with transforming a quiet New England town into a bustling metropolis. In addition, improved north-south vehicular movement compromises the environmental beauty which is an attraction in itself.

Of the seven subgroups in nonmanufacturing, contract construction has been the only industrial group to show an actual decline in employment over the past 20 years. Employment in contract construction peaked in 1972 when 2,900 persons were employed in the industry. This peak occurred when construction was in progress at the Yankee Atomic Plant in Rowe and at a time when North Adams State College was expanding with construction of a six story dormitory and campus center. Also bolstering contract construction was the building of Dury High School in North Adams. Following the completion of these projects and without any major projects except for the addition to the Berkshire Medical Center, the bottom fell out of the industry with employment in 1977 dropping to half what it was in 1972. Without any sizable construction projects undertaking, the dwindling residential housing construction could not be expected to support the 1972 levels of employment.

Construction activity in the housing market has been at depressed levels due to a number of factors. Population estimates for the county in 1977 show an out-migration of 6,500 persons from the 1970 census figure of 149,402. Skyrocketing land values, interest rates, and material and labor costs make it increasingly difficult for the average person to become a homeowner. Also continued lay-offs of professional and highly skilled persons at General Electric will only excerbate the problem of a glut of vacant houses within the area.

The transportation, communication and utilities subgroup has remained relatively stable over the 20 year period showing only marginal growth with a net increase of 200 jobs. The slow growth rate of this grouping is due to automation of telephone communication functions which had previously been done by switchboard operators; these technological innovations led to a consolidation of telephone company operations. The flat housing market has eliminated the need for installers of utility hardware such as gas or electric metering devices and telephones.

The jump in employment in the wholesale and retail trades industry, which has grown by over 50 percent since 1957, can be tied directly to the tourism industry. Despite a decreasing population, average employment in restaurants and drinking establishments during the past eight years has increased by 1200 persons. Another growth factor has been the increased number of specialty shops such as sporting goods, antiques, crafts and boutique-shops which seem to have special appeal to persons visiting the area. Not all segments of the trade industry showed growth, employment in gas stations (critical to tourists who need to refuel) declined by about 100 persons during the past eight years due to marketing changes by national gasoline firms which led to the eventual closing of a number of gasoline stations. Employment in the retail furniture and home furnishings outlets has remained stable the past 8 years.

Also demonstrating solid and consistent expansion has been the finance, insurance and real estate industries, which in 1957 employed 1300 persons while in 1977 that figure had grown to 2300 or over 75 percent. Much of the growth is attributed to the proliferation of branch banking (servicing the industries whose income is derived from tourism) normal growth of the insurance industry, and most recently to an increase in real estate brokerage firms.

The service industry has accounted for the greatest number of new jobs in nonmanufacturing over the 20 year period. This precipitous growth is not surprising considering the number of tourists who have been attracted to the Berkshires. The services industry has been growing by 300 new jobs yearly for the past 10 years.

Although the summer cultural season has always drawn large crowds, winter sporting activities has been the bulwark of growth in recent years. The economic good fortunes of the tourism industry can be directly tied to the large capital outlay that have been required to improve both the quality and quantity of skiing in the Berkshires. Some of the factors which have heightened the desirability of skiing in the area has been the advent of night skiing (Brody Mountain in New Ashford has the largest night facilities in New England), increased snow making ability, which guarantees snow and local investment in expensive heavy ski grooming equipment. Also faster and greater capacity ski lifts which can accommodate the 20,000 skiers that may be on the mountains of Berkshire County in any given day. Although each of the nine skiing enterprises may attract different segments of the ski market (such as beginning skiers, families, singles, day trippers or bus tours), the winter season success of hotels and motels especially in northern Berkshires is dependent upon the skiing industry. Obviously reliant upon cold weather, the skiing industry can and must make one third of its seasons income in ten holiday or weekend days. An unusual problem can be convincing the skiing public that ideal skiing conditions exists in the Berkshires even though there may be little or no snow in their own communities. Not all ski resorts are solely one season attractions. Catamont has a monorail ride and Jiminy Peak uses an Alpine Slide to draw off-season adventurists. Some of the ski areas receive additional off-season income by operating summer camps. Eastover, the largest resort in New England, is opened year round and offers a wide range of activities. The Lenox resort which has been in operation for 32 years attracts upwards of 800 persons on weekends with most weekends filled to capacity. Other year-round resorts in Berkshire County open on a year round basis are Jug End in South Egremont and Oak and Spruce located in South Lee.

Since 1972 when employment figures became available for non-profit health services, they have showed employment climbing from 4,250 in 1972 to 4,800 in 1977. A good share of the growth can be attributed to new hires for staffing the addition to the Berkshire Medical Center in Pittsfield. Another service industry exhibiting growth is business services which in the last eight years has grown by over 50 percent to total employment of 600. The growth was spurred by employment gains in advertising, daily newspapers, and most recently to establishments providing data processing services to others. Each of these industries provide services to the basic tourist industries.

Continued growth of the tourism industry present economic opportunities to the county, but may pose future problems. The industry has prospered by catering to affluent families and individuals by offering not only appealing cultural events but physical beauty and the relaxing atmosphere of a small town New England. Community leaders are well aware that the risk of unchecked growth of mass tourism could be detrimental in luring the affluent into the area. This counterproductive expansion would be stimulated by uncontrolled growth of fast-food franchises and neon-lit cheap motels and gift shops marring the beauty of the serene countryside.

The additional traffic congestion to the narrow rural roads and greater noise levels would diminish the very attractiveness which the affluent tourists seek. Additional weekend traffic would place undue pressure upon municipal services such as police protection, sanitary facilities, electric power, and medical care. More emphasis should be placed on a marketing strategy aimed at attracting persons to mid-week activities enabling them to view the uncongested tranquil beauty of the Berkshires and yet allow for growth in employment in the industry.

A comparison of employment levels of tourist related industries in Barnstable and Berkshire Counties indicates that seasonal peaks in both counties occur in August in the eating and drinking places industry(SIC code 58) and hotels and motels industry (SIC code 70). In the museum and galleries industry(SIC code 84), the peak in employment levels in both counties occurs in July. The duration of the season is longer in Berkshire County (May through November) than in Barnstable County (May through September).

The most divergent seasonal pattern between the two counties occurs in the amusement and recreation services industry (SIC code 79). In Berkshire County, there are two peaks: September and January; whereas the peak in Barnstable County occurs in July. The seasons in Berkshire County are from May through September and December through March; whereas the season in Barnstable County begins in June and extends through September.

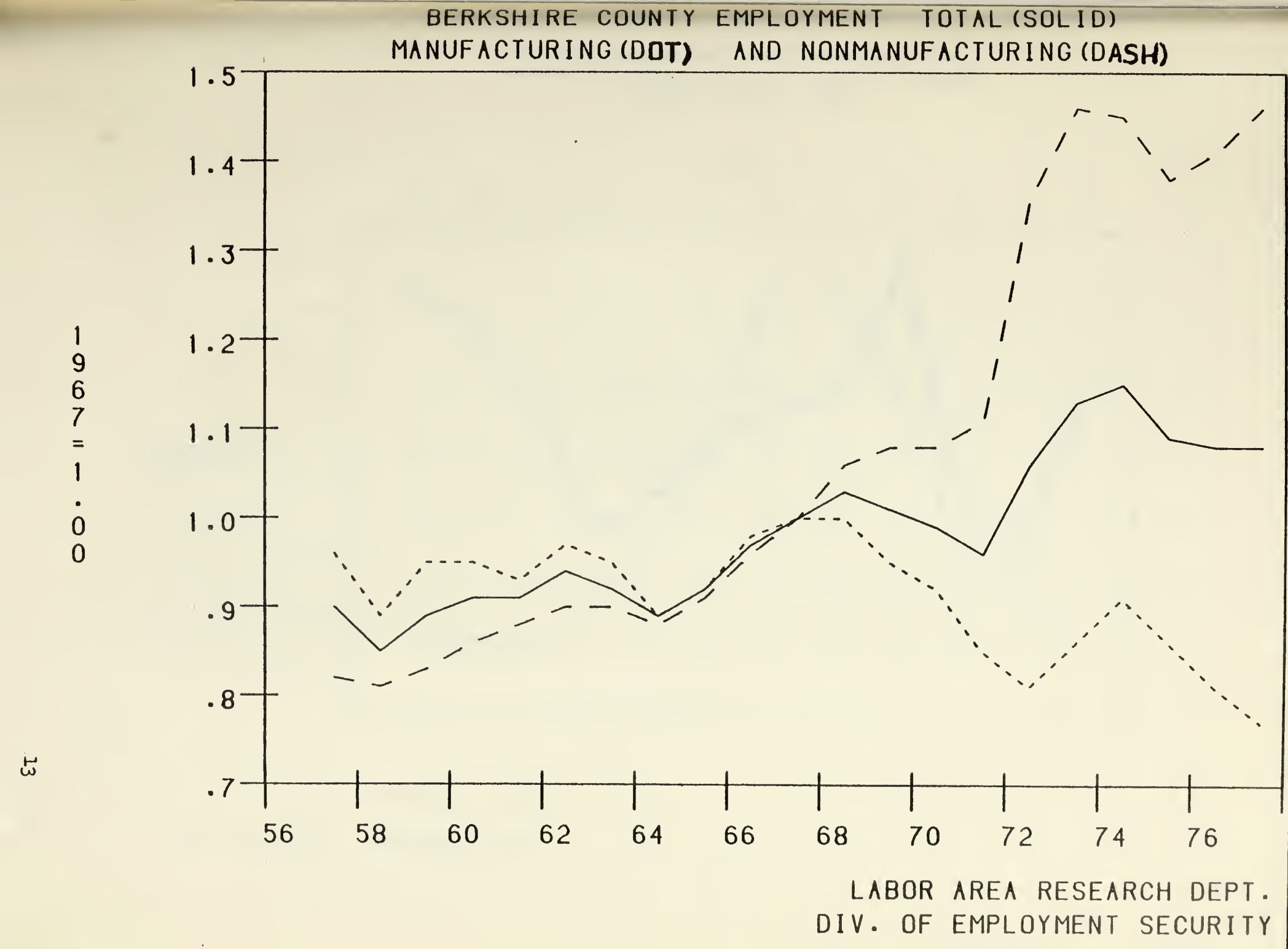
APPENDIX

Berkshire County Nonmanufacturing Employment**

Nonmanufacturing Employment	1957	1962	1967	1972	1977
Farming & Agricultural Services	100	100	100	100	100
Mining	100	100	100	100	100
Contract Construction	1,500	1,800	1,800	2,900	1,500
Transportation, Communications, Utilities	1,900	2,000	1,800	2,000	2,100
Wholesale and Retail Trade	7,600	8,100	9,500	10,200	11,500
Finance, Insurance, Real Estate	1,300	1,500	1,700	1,900	2,300
Services	3,400	3,900	4,500	9,400 *	10,900

* In January 1, 1972, the Massachusetts Employment Security Law was expanded to cover most non-profit organizations formed and operated for religious charitable, scientific, literary or educational purposes. In Berkshire County approximately 3,500 persons in the services industry were effected by the law.

** Source Employment and Wages in Establishments Subject to the Massachusetts Employment Security Law.


BERKSHIRE COUNTY EMPLOYMENT TOTAL (SOLID)
MANUFACTURING (DOT) AND NONMANUFACTURING (DASH)
1.5
1.4
1.3
1.2
1.1
1.0
.9
.8
.7
1967=1.00
56
58
60
62
64
66
68
70
72
74
76
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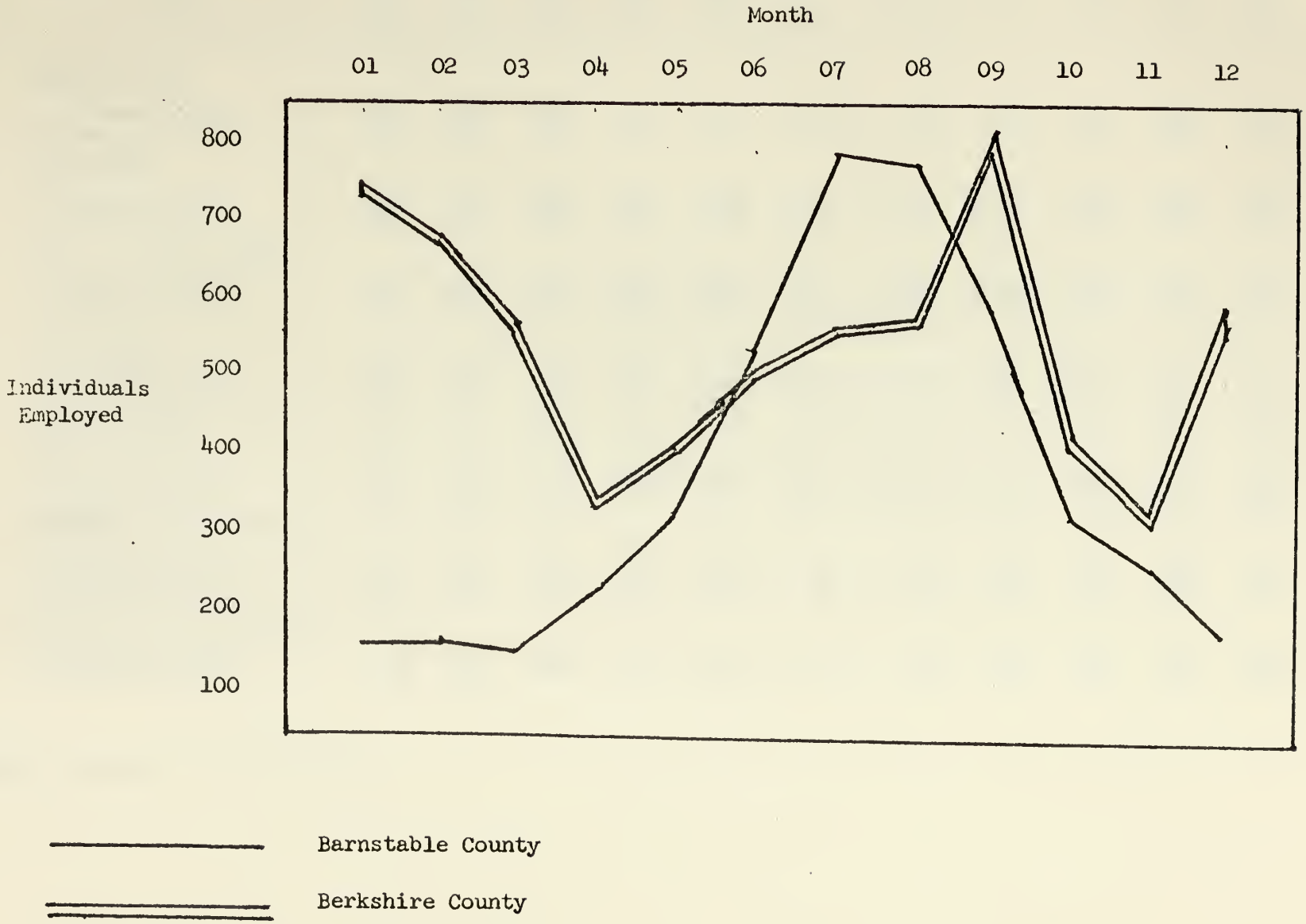
DIV. OF EMPLOYMENT SECURITY

Employment in Amusement and Recreation Services
A Comparison of Barnstable and Berkshire Counties
Seasonal Patterns, 1977



Table

Employment in Tourist-related Industries
A Comparison of Barnstable and Berkshire Counties
Seasonal Patterns, 1977

SIC	INDUSTRY TITLE	JAN 1977	FEB 1977	MAR 1977	APR 1977	MAY 1977	JUNE 1977	JULY 1977	AUG. 1977	SEPT 1977	OCT 1977	NOV 1977	DEC 1977
51	WHOLESALE TRADE												
	Barnstable County	252	255	263	316	376	452	709	693	626	368	343	320
	Berkshire County	460	458	460	461	451	455	722	713	691	757	740	743
54	FOOD STORES												
	Barnstable County	1918	1913	1875	2076	2140	2553	3165	3211	2656	2366	2272	2230
	Berkshire County	1579	1542	1538	1533	1548	1553	1499	1519	1519	1525	1521	1502
58	EATING & DRINKING PLACES												
	Barnstable County	3111	3090	3258	4592	5660	7907	9387	9578	8308	5293	4236	3739
	Berkshire County	2515	3150	3017	3440	3454	3033	3786	3813	3133	3575	3562	3503
59	MISC. RETAIL												
	Barnstable County	1745	1724	1715	1927	2063	2335	2680	2677	2553	2222	2103	2102
	Berkshire County	1463	1442	1432	1447	1462	1499	1504	1517	1516	1553	1557	1604
70	HOTELS & MOTELS												
	Barnstable County	1394	1609	1812	2380	3162	4289	5652	5791	4664	3300	2397	1958
	Berkshire County	1056	1036	1009	1070	1273	1433	2266	2676	1390	1267	1078	1323
79	AMUSEMENT & RECREATION SERV.												
	Barnstable County	165	168	161	232	327	541	782	763	599	325	253	189
	Berkshire County	729	683	559	350	402	528	568	572	810	385	339	640
84	MUSEUMS, ART GALLERIES, ETC.												
	Barnstable County	32	30	33	42	82	91	114	112	107	55	40	32
	Berkshire County	98	101	102	102	111	148	153	148	149	145	140	108

SOURCE: Employment Service 202 Report